

1.1 ..... moves to amend H.F. No. 1400 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2022, section 290.0671, subdivision 1, is amended to read:

1.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
1.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
1.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
1.7 Internal Revenue Code, except that:

1.8 (1) a taxpayer with no qualifying children who has attained the age of 19, but not attained  
1.9 age 65 before the close of the taxable year and is otherwise eligible for a credit under section  
1.10 32 of the Internal Revenue Code may also receive a credit; ~~and~~

1.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
1.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
1.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code;  
1.14 and

1.15 (3) section 32(m) of the Internal Revenue Code does not apply.

1.16 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first  
1.17 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted  
1.18 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
1.19 the credit less than zero.

1.20 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
1.21 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted  
1.22 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
1.23 the credit less than zero.

2.1 (d) For individuals with two qualifying children, the credit equals 11 percent of the first  
2.2 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted  
2.3 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
2.4 the credit less than zero.

2.5 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent  
2.6 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income  
2.7 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in  
2.8 no case is the credit less than zero.

2.9 (f) For a part-year resident, the credit must be allocated based on the percentage calculated  
2.10 under section 290.06, subdivision 2c, paragraph (e).

2.11 (g) For a person who was a resident for the entire tax year and has earned income not  
2.12 subject to tax under this chapter, including income excluded under section 290.0132,  
2.13 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
2.14 income reduced by the earned income not subject to tax under this chapter over federal  
2.15 adjusted gross income. For purposes of this paragraph, the following clauses are not  
2.16 considered "earned income not subject to tax under this chapter":

2.17 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

2.18 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

2.19 (3) income derived from an Indian reservation by an enrolled member of the reservation  
2.20 while living on the reservation.

2.21 (h) For the purposes of this section, the phaseout threshold equals:

2.22 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

2.23 (2) \$8,730 for all other taxpayers with no qualifying children;

2.24 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

2.25 (4) \$22,770 for all other taxpayers with one qualifying child;

2.26 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

2.27 (6) \$27,000 for all other taxpayers with two qualifying children;

2.28 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying  
2.29 children; and

2.30 (8) \$27,300 for all other taxpayers with three or more qualifying children.

3.1 (i) The commissioner shall construct tables showing the amount of the credit at various  
3.2 income levels and make them available to taxpayers. The tables shall follow the schedule  
3.3 contained in this subdivision, except that the commissioner may graduate the transition  
3.4 between income brackets.

3.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.6 31, 2022.

3.7 Sec. 2. Minnesota Statutes 2022, section 290.0671, subdivision 1a, as amended by Laws  
3.8 2023, chapter 1, section 16, is amended to read:

3.9 Subd. 1a. **Definitions.** For purposes of this section:

3.10 (1) the term "qualifying child " has the meaning given in section 32(c) of the Internal  
3.11 Revenue Code, except section 32(m) of the Internal Revenue Code does not apply; and

3.12 (2) "earned income of the lesser-earning spouse" has the meaning given in section  
3.13 290.0675, subdivision 1, paragraph (d).

3.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.15 31, 2022."

3.16 Amend the title accordingly